Karnataka State Government has done away with the use of stamp papers, both judicial and non-judicial, with effect from 01.04.2003. Government of Karnataka is collecting the stamps fees of less than Rs. 500/- in cash and of more than Rs. 500/- either through demand draft or through Bank Challans, as alternatives to use of stamp papers.

Increased in REPO and CRR rates

985. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has decided to raise Repo and CRR rates for banks' lending leading to increase in the rate of interest on lending by banks;

(b) if so, details thereof; and

(c) what will be its impact on inflation and economic growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) On review of the current liquidity situation, Reserve Bank of India in its First Quarter Review of Annual Monetary Policy for the year 2007-08, decided to increase Cash Reserve Ratio (CRR) of scheduled commercial banks by 50 basis points from 6.50% to 7.00% of their net Demand and Time liabilities (NDTL) with effect from the fortnight beginning 4th August, 2007. However, RBI has kept the Repo Rate and Reverse Repo Rate unchanged at 7.75% and 6.0% respectively. The CRR does not have linear impact on the rates of interest, which are also affected by other factors like Bank Rate, Repo Rate, cost of funds, operating expenses, transaction cost, risk, etc. The interest rates are determined by the banks themselves with the approval of their Board of Directors after taking into consideration the above factors, in a transparent manner.

(c) The overall stance of monetary policy in the period ahead, *inter-alia*, is to reinforce the emphasis on price stability and well-anchored inflation expectations while ensuring a monetary and interest rate environment that supports export and investment demand in the economy so as to enable continuation of the growth momentum, greater credit penetration and financial inclusion, etc.

Protection of Senior Citizens savings

986. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any plans with the objective of protecting the savings of Senior Citizens by giving them a decent return on their deposit as increased by all the banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government had launched a Senior Citizens Savings Scheme, 2004 with effect from 2nd August, 2004. Persons of age 60 years and above and those retired persons who are 55 years of age and above but less than 60 years are eligible to invest in the scheme. The deposit under the scheme carrying interest rate of 9 per cent per annum payable on quarterly basis, compares favourably with the yield on Government security of comparable tenor. While the small savings schemes provide a secure avenue for investment, enjoys a number of incentives and are designed keeping in view the needs of different segments of investors. The de-regulation of interest rates relating to banks, financial institutions and debt market have made available various alternative options to all investors.

Issue of Kisan Credit Cards

†987. DR. PRABHA THAKUR: Will the Minister of FINANCE be pleased to state:

(a) the criteria laid down by Government for issuing Kisan Credit Cards;

(b) the number of States in which farmers have been issued Kisan Credit Cards so far and the details thereof State-wise; and

(c) the details of benefits likely to be received by the farmers through the Kisan Credit Cards?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Commercial Banks, Regional Rural Banks and Cooperative Banks issue Kisan Credit Card (KCC) to farmers for accessing adequate and timely credit in a hassle free and cost effective manner. The credit limit of a farmer is fixed on the basis of his operational land holding, cropping pattern followed by the farmer, agriculture practices adopted in the area, scale of finance approved by District Level Technical Committee and the repaying capacity of the farmer.

(b) KCC scheme covers all the States and Union Territories in the country. The banking system has issued 675.45 lakh KCCs (upto 30.06.2007) so far. State-wise details are given in the Statement (*See* below).

(c) The benefits, *inter-alia*, include timely, adequate and hassle free access to credit, elimination of protracted processing of loan proposals, lower interest burden due to less dependence on other costly borrowings and provision of personal accident insurance subject to share of premium by the borrower.

†Original notice of the question was received in Hindi.